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RUEHCG/AMCONSUL CHENNAI PRIORITY 8442  
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RUEHON/AMCONSUL TORONTO PRIORITY 0618  
RUEHGV/USMISSION GENEVA PRIORITY 2717  
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RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC PRIORITY  
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C O N F I D E N T I A L SECTION 01 OF 05 COLOMBO 000394

SIPDIS

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DEPARTMENT FOR SCA/INS, CHENNAI FOR PDAS CAMP

E.O. 12958: DECL: 04/16/2018

TAGS: [PGOV](#) [PREL](#) [PTER](#) [PHUM](#) [MOPS](#) [CE](#)

SUBJECT: SRI LANKA: SCENESETTER FOR PDAS CAMP'S VISIT TO  
SRI LANKA

REF: COLOMBO 344

Classified By: Charge d'Affaires James R. Moore, for reasons 1.4(b,d).

11. (C) INTRODUCTION: Your visit comes at a time when our relations with Sri Lanka are beginning to show signs of strain from the increasing pressure we have applied on key issues, particularly human rights and military cooperation. Nonetheless, we continue to have access at the highest levels of the GSL and to play an important and predominant role on most issues. Most observers agree that India and the US continue to exert the greatest influence here. Our priorities remain encouraging the development of a political solution to the conflict and a de-escalation of hostilities, which bring with them a deterioration in human rights, civil liberties, and media freedom. Our task is made more difficult by the GSL's decision to address the conflict through military means. We anticipate that the conflict, including terrorism and human rights abuses, will get worse before it gets better. The GSL has demonstrated that it is not willing to make major concessions to international community demands, even at a cost. Your visit can help us reinforce the message that improvement on human rights and progress toward a negotiated solution will allow us to increase engagement and provide additional assistance.

Few Prospects for a Political Solution  
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12. (C) Our most important goals remain the development of a political solution that meets the aspirations of all Sri Lankans, including Tamils and Muslims, and an end to hostilities. This is complicated by the GSL's commitment to pursuing a military solution to the conflict and defeating the Liberation Tigers of Tamil Eelam (LTTE) in the North, just as it "cleared" the East. Although the GSL currently has the upper hand, and has seen some success, its efforts are being hampered by rainy weather and stiffer resistance than expected in the North.

13. (C) The GSL says it is prepared for talks, but has shown little interest developing a political proposal. The All

Parties Representative Committee (APRC) process is stalled. In January, the GSL diluted the APRC process by insisting that the committee focus its report on recommendations for implementing the 13th Amendment, passed in 1987 but never implemented, which provides for limited devolution. The 13th Amendment, although a good first step and confidence-building measure, cannot be an end in itself or a substitute for a negotiated political solution. For now, the GSL's strategy appears to be to implement what it can of the APRC proposals and 13th Amendment, while proceeding with its plans to defeat, or at least seriously weaken, the LTTE militarily.

14. (C) We expect that as the LTTE comes under increasing pressure, it will resort to more frequent terrorist attacks on political and economic targets in the South. Since January, we have seen an increase in attacks on political targets and civilians. The most recent example is the assassination of Highways and Road Development Minister Jeyaraj Fernandopulle on April 6, as he raised the flag at the start of a marathon about 15 miles north of Colombo.

#### Human Rights Problems Persist

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15. (C) Despite our best efforts, and those of several other countries, we have seen little improvement in the human rights situation over the past year. The GSL has done little to rein in abuses by security forces and allied paramilitary groups. The overall numbers of abductions and disappearances rose from the fourth quarter of 2007 to the first quarter of 2008.

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16. (C) However, we see a current opportunity to make progress on human rights. The GSL is recognizing the consequences of its failure to address human rights, including a reduction in US military assistance, the withdrawal of IIIGEP, and denials of US-funded training through the Leahy vetting process. The government has several incentives to show progress now, including upcoming elections in the East, which the GSL wants to be seen as legitimate, and the Universal Periodic Review at the UN Human Rights Council in May. The GSL reacted strongly to the release of the 2007 Human Rights Report, claiming it contained egregious inaccuracies and unfounded allegations and protesting that we did not consult with them when preparing the report. (Note: Throughout the last year, we repeatedly stressed to Foreign Minister Rohitha Bogollagama, Minister of Disaster Management and Human Rights Mahinda Samarasinghe, and other senior officials our concerns about human rights abuses and the lack of accountability. The failure to communicate these concerns to the President reflects personal ambitions and rivalries as well as the GSL's dysfunctional interagency process.) The MFA has recently designated, at our suggestion, a working level point of contact to engage directly with our POL section on human rights.

#### IIIGEP Withdraws After One Year

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17. (C) The International Independent Group of Eminent Persons (IIIGEP) has ended its work in country and released its final public statement on April 15. The statement concluded that the Commission of Inquiry's (COI) work has not met international standards and detailed the reasons for this conclusion: a conflict of interest in the proceedings of the Commission, namely the involvement of the Attorney General's office; the lack of effective victim and witness protections; the lack of transparency and timeliness in the proceedings; the lack of full cooperation by State bodies; and the lack of financial independence of the Commission. IIIGEP included a set of recommendations to address these issues. IIIGEP also concluded that there was an "absence of political and institutional will on the part of the government to pursue

with vigor the cases under review." Despite IIGEP's withdrawal, or perhaps because of it, COI proceedings have continued and the government seems determined to prove the COI a success. Over the past few weeks, key witnesses have given testimony on the killing of 17 Action Contre La Faim workers and the killing of 5 young men in Trincomalee (Colombo 344), including some video testimony, the first ever in Sri Lanka. IIGEP's final report will be presented to the President later this month.

18. (C) US Eminent Person and former PRM Assistant Secretary Arthur "Gene" Dewey was seen as the most balanced and effective of the eminent persons, and provided leadership to the group. His professionalism and sound judgment proved crucial to resolving sensitive disputes with both the COI and the GSL. His efforts to achieve progress deserve the highest praise.

#### Military Relations Strained

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19. (C) Our overall relationship with Sri Lanka remains strong, but has experienced some recent friction. In addition to tensions over the Human Rights Report, military to military relations are showing signs of strain due to the impact of recent US legislation restricting military assistance as a result of poor performance on human rights and support for a paramilitary group, the TMVP, that retains child soldiers. Recent refusals of candidates for training, based on Leahy vetting requirements, have also created tensions. This friction has the potential to further impact broader bilateral relations.

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#### Upcoming Provincial Council Elections in the East

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10. (C) The government has pushed forward with local and provincial level elections in the East as a way of demonstrating government control over the area and the GSL's ability to deliver democracy to the recently liberated East. As a result, many view the elections as a referendum on the Rajapaksa administration. On March 10, the paramilitary TMVP, in alliance with the ruling United People's Freedom Alliance (UPFA), swept local council elections in Batticaloa District. Neither the pro-LTTE Tamil opposition party Tamil National Alliance (TNA) nor the main opposition United National Party (UNP) contested. A climate of fear and intimidation by armed groups, primarily the TMVP, marred the overall process, but election day went off without any serious incidents. The GSL then swiftly began preparing for Eastern Provincial Council elections to be held May 10. The UPFA has again partnered with the TMVP, and the UNP has allied with the Sri Lankan Muslim Congress (SLMC), the main Muslim party. The TMVP remains armed, and its credentials as a political party are unproven. The UNP-SLMC alliance poses a significant threat to the government because it gives the opposition the support of large Muslim populations in Batticaloa and Ampara districts. Further, since the TNA plans not to contest, the UNP is expected to pick up a large portion of the Tamil vote. The JVP, contesting alone, could also divide the anti-UNP Sinhala vote. Given these challenges, the GSL may find it more difficult to secure a victory than it anticipated.

#### Small Progress on Child Soldiers

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11. (C) There is currently a window of opportunity for progress on the release of child soldiers as the TMVP seeks to establish itself as a legitimate political party. After significant US and UNICEF pressure, as well as engagement by the GSL, the TMVP released 11 child soldiers on April 7. The GSL says the number was not higher because of divisions within the TMVP. While we believe the release of children would be politically popular, particularly in advance of May

10 elections, some TMVP leaders may fear that a larger scale release would signify an admission of culpability. As of March 31, UNICEF reports 131 child soldiers (still under 18 years old) held by the TMVP, and 168 held by the LTTE. We are pushing hard on the GSL for more releases and "effective measures" as required by Section 699c of the FY-08 foreign operations bill.

#### GSL Pushes to Stabilize the East

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¶12. (C) Based on an interagency assessment led by S/CRS in January 2008, the Embassy prepared a proposal for funding under Section 1210 of the National Defense Authorization Act that would help the GSL re-establish civilian authority and build trust by providing equitable rehabilitation and development assistance to the multi-ethnic East. Activities under 1210 will focus on enhancing the technical skills of provincial and municipal officials, technical assistance, economic incentive funds targeting the public and private sectors, and small-scale infrastructure projects. Other key components include the reintegration of ex-combatants and the strengthening of decentralized government and the democratic process. In parallel with the 1210 proposal, USAID and the Embassy's Office of Defense Cooperation have put forward a request for DOD humanitarian assistance funding from PACOM to build and rehabilitate schools, health clinics and other community infrastructure in areas of the Trincomalee and Batticaloa districts where internally displaced persons have recently returned home.

#### Humanitarian Access Remains Limited

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¶13. (C) Sri Lanka continues to be a challenging environment for NGOs, UN agencies, and international organizations due to GSL restrictions on work visas, the increase of income tax levies on expatriate staff, and the requirement of access permits for travel to the North. Obtaining work visas has become increasingly difficult and time consuming over the past year, in part because of the GSL's lack of clarity and transparency regarding procedures and requirements. Their work is constrained by what is perceived as an deliberate effort by the GSL to reduce the number of international humanitarian assistance workers in Sri Lanka. The GSL's recent announcement that taxation of expatriate salaries will increase from 15 to 35 percent has been met with wide protest and will hamper agencies' recruitment of staff. Access to LTTE-controlled areas of the Northern Province, which is likely to be the primary theater of armed conflict during 2008 and possibly beyond, has been restricted for international staff normally not based there, severely limiting program development and monitoring activities. The GSL has delayed or denied the issuance of permits, including those requested by agency and NGO country directors, for travel to Jaffna and the LTTE-controlled Vanni. We have played a leading role in the Consultative Committee on Humanitarian Assistance, a coordination body comprised of high-level GSL officials and representatives from humanitarian organizations and embassies, and it has proven to be a valuable mechanism for addressing obstacles in the delivery of humanitarian assistance.

#### GSL Seeking Non-Western Partners

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¶14. (C) As tensions build between Sri Lanka and the West over human rights, the GSL is showing increasing interest in cultivating relationships with non-western partners. The GSL has successfully sought assistance from China and Pakistan, and Japan remains an important partner. Ties with Iran continue to grow. During President Rajapaska's visit to Tehran in November 2007, he signed eight MOUs to increase cooperation on several fronts. They included pledges from

Iran for the construction of an irrigation development project at Umaoya and the expansion of an oil refinery in Colombo, the latter at the expense of a US company that had already been selected to complete a refinery feasibility study. Commercial ties and government-to-government interactions are also increasing. Iranian Minister of Commerce Masud Mirkazemi opened an Iranian goods expo in Colombo in January, the GoIR is looking at the possibility of civil servant exchanges, and President Ahmedinejad is expected to visit Colombo at the end of April.

Despite the deepening relationship, the GSL appears committed to staying on the right side of UN sanctions on Iran. The GSL is also actively improving relations with Israel; Prime Minister Wickremanayake made a four-day working visit to Jerusalem in March.

#### Economy Resilient Despite Conflict

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¶15. (SBU) The economy is resilient despite the conflict. In 2007, SL continued its healthy economic growth, reporting a 6.8% increase in real GDP for the year. (Note: Actual growth may have been closer to 6%). Total GDP was USD 32 billion, yielding a per capita income of about \$1,600. However, the conflict remains at the root of lost opportunity, as many estimate that GDP growth would be at least 2% higher without it. Inflation is a key concern; the inflation rate (year on year) hit 17.7 percent in March and consumers prices are up by 23.8%. The rapid escalation in the cost of living, and in particular the cost of rice, is a significant strain on the population. The government is turning to local friends such as India, Pakistan, and Burma,

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to help ease a rice shortage and avert a political crisis. The rising cost of oil, much of which the government buys from Iran and uses to produce electricity, is a major strain on the government's budget. Few U.S. companies operate in Sri Lanka, although many are represented by local agents. The conflict, tender transparency issues, and investment obstacles continue to deter greater U.S. investment.

#### Post Prioritizes FSN Salaries

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¶16. (SBU) The rising cost of living and escalating inflation have had a direct impact on our local staff. Colombo's last local staff wage increase took place November 2006, at 8.3% across the board - much less than the level recommended by HR/OE. After learning in February 2008 that RM could not fund wage increases, we decided to cut into our budget to give our staff a much-needed increase. Post cut training and conference travel drastically, eliminated equipment purchases, reduced electricity consumption, and remains vigilant in reducing spending wherever possible. These measures allowed post to propose a 10% wage increase and an additional increment in benefits. We hope to put the new salaries into effect in May, six months later than the annual increase should have occurred. For the past five years, wage increases have not kept pace with local inflation. While few FSNs have left for better wages, we are having difficulty finding qualified new employees, not only in the higher grades, but even mid-level mechanics and clerks.

¶17. (C) In sum, your visit comes at a sensitive time for US-Sri Lanka relations. You will have the opportunity to emphasize that progress on human rights will allow us to increase engagement and assistance. It is important that the pressure we are rightly putting on Sri Lanka results in improvements and progress rather than frustration and disengagement on the part of the GSL.

¶18. (U) We look forward to ensuring a productive visit for you.  
MOORE